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CRISTIAN VLASCEANU
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January 2026

Happy New Year!

We start this new year off by taking a look at what e-FX developments we can expect to see in 2026. The Asia-Pacific region looks set to be a major growth engine for e-FX this year and frontier and emerging markets will likely see steady, if uneven, progress in electronic FX trading as well. Current hot topics of conversation seem to be revolving around stablecoins, blockchains, and AI and there is certain to be an even greater focus on the use and application of data and analytics by FX market participants over the next 12 months. The continued growth of the futures market and client demand to more readily connect it with the OTC market is also expected to increase along with further electrification of the FX Swaps and NDF markets.

NDF trading is the subject of our Special Report this month and this is very much a story of market growth driven by institutional investor demand for ways to manage currency risk more effectively and technological innovation which is reshaping the NDF landscape with electrification, AI-driven algos, and unified APIs expanding market accessibility and execution quality. Regulatory assurance, liquidity diversity and robust analytics are going to be the drivers for further growth in NDF trading going forward..

A key theme in this month's edition is how electronic trading infrastructure is no longer just about execution and stability. It has become the foundation upon which institutions design, differentiate, and continuously evolve their client journeys. The industry is grappling with many technical challenges as it prepares for the 24x7 digital currency era and, given the urgency to modernise, the question of what e-FX providers should prioritise over the next 12 months to achieve this quickly is difficult to answer. Many institutions are still locked into platforms where innovation at the front end is constrained by the backend with has led to a growing gap between what the market expects and what existing systems can realistically deliver without significant and disruptive changes being made. The old buy versus build argument is probably going to be an important consideration once again as institutions look to turn infrastructure into engagement.

As usual I hope you enjoy reading this edition of the magazine.

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Eastspring Investments partners with SGX FX

Eastspring Investments (Eastspring), the USD286 billion¹ asset management business of Prudential plc, and SGX FX have announced a partnership to strengthen Eastspring's Foreign Exchange trading capabilities. This underscores Eastspring's commitment to operational excellence through innovation and automation, while also supporting the Monetary Authority of Singapore's (MAS) ambition to develop Singapore's FX market to better serve the region's growing trading and hedging needs. A central pillar of this partnership is SGX FX's advanced FX workflow solutions, which allow Eastspring to deliver best-in-class trading outcomes. These next-generation solutions streamline every step of the FX trading process – from order routing, pre- and post-trade analytics, to automated execution. By integrating SGX FX's cutting-edge workflows

through SG1, MAS's flagship low-latency data centre, Eastspring will benefit from heightened efficiency, increased speed and gain seamless access to deep liquidity pools. This robust infrastructure ensures reliable and transparent price discovery, reduced transaction costs, and immediate trade execution – all of which are increasingly critical in today's dynamic FX markets. Matthew Valath, Assistant Director, Dealing, Eastspring Investments, said, "This partnership with SGX FX is a significant step in our journey to lead digital transformation in Asia's FX markets. By integrating their advanced workflow solutions with our expertise, we are not just enhancing our operational excellence; we are actively striving to deliver the best for our customers." Caroline Quah, Head of Sales, Southeast Asia and North Asia (ex Japan), SGX FX, said, "We are pleased to



Matthew Valath

support Eastspring Investments with our workflow solutions and infrastructure. This collaboration demonstrates our commitment to foster a more resilient and liquid global FX ecosystem. By delivering best-in-class technology and seamless connectivity within the SG1 data centre, we are working alongside market participants to elevate FX trading standards and support efficient cross-border trading."

Ocorian partners with Flagstone International

Ocorian, a premier global asset servicer to both asset managers and asset owners, is expanding its client support through a strategic partnership with leading cash deposit solutions provider, Flagstone International. The partnership further enhances Ocorian's Treasury Services offering to its growing global client base connecting them to best-in-class foreign exchange

and cash management solutions via regulated, institutional-grade platforms. Flagstone International's secure, user-friendly technology simplifies access to a wide range of investment-grade banks for multi-currency deposit products and FX services through one account.

Marc Krombach, Director, Global Treasury Services at Ocorian, said: "Our Treasury Services were created to deliver value, simplicity, and transparency to our clients' banking and FX activities. The partnership with Flagstone International ensures we can help clients to optimise their cash and currency strategies and improve outcomes and operational efficiency."

Aidan McAvinue, CEO at Flagstone International said: "Flagstone is

proud to join forces with a partner of Ocorian's scale and reputation in these markets. Together, we are delivering genuinely impactful technology to global clients. Ocorian are exceptional in their focus on client value and trust, and this partnership delivers lower costs, more efficiency, greater yield and spread of bank risk."



Marc Krombach



Aidan McAvinue

Institutional

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LSEG launches Digital Settlement House

LSEG has announced the launch of a new digital settlement service, Digital Settlement House (LSEG DiSH), an open-access platform which enables programmatic and instantaneous settlement between independent payment networks, both on and off chain. Through commercial bank deposits held on the DiSH ledger (DiSH Cash), the service will enable the 24/7 instantaneous movement of commercial bank money in multiple currencies and jurisdictions, PVP and DVP, providing a real cash leg for FX and digital asset transactions and settlements.

With LSEG DiSH, market participants will be able to conduct PVP or DVP and settlements using any asset, orchestrating payments on any connected network, digital and traditional. DiSH Cash, LSEG DiSH's ledger enabled commercial bank

money solution, will operate accounts at commercial banks, providing members with instant ownership of a commercial bank deposit at any bank within the LSEG DiSH network, and a mechanism for the 24/7 movement of commercial bank money. LSEG DiSH can facilitate settlement on its own ledger, or act as notary to facilitate settlement in other networks and assets. By using LSEG DiSH, users can unlock trapped assets, enabling instantaneous use of cash, securities and digital assets 24/7. They will also be able to optimise liquidity through new tools that enable intraday borrowing and lending to better manage assets and obligations.

Daniel Maguire, Group Head, LSEG Markets and CEO, LCH Group, said: "LSEG DiSH expands the tokenised cash and cash like solutions available to the



Daniel Maguire

market, and for the first time, offers a real cash solution tokenised on the blockchain utilising cash in multiple currencies held at commercial banks. This innovative service will enable users to reduce settlement risk, and integrate existing cash, securities and digital assets across new and existing market infrastructure. We look forward to developing this service in partnership with the market."

New Change FX partners with Kaiko

Kaiko, a global leader in institutional digital asset market data and infrastructure, and New Change FX (NCFX) have announced a strategic collaboration to bring high-quality, regulated FX data to the Canton Network. NCFX's independent benchmark FX spot and FX forward rates will be made available to Canton applications with full IP protection,

licensing control, and secure access. The deployment will use Kaiko's Data On-Ramp Facility, which allows data providers to distribute their data on-chain while remaining the authoritative source. This enables tokenized product issuers on the Canton network to confidently build products using reliable FX benchmarks.

infrastructure while preserving NCFX as the authoritative source of the data. Institutions operating on Canton can now rely on transparent and trusted FX pricing consistent with the standards used across global financial markets," said Kinga Broel-Plater, Chief Commercial Officer at New Change FX.



Ambre Soubiran

"Kaiko's Data On-Ramp brings regulated FX benchmarks onto Canton, strengthening the network's pricing foundation, by providing the connectivity that links established benchmark providers with the on-chain ecosystems shaping tomorrow's market applications." said Ambre Soubiran, CEO of Kaiko. "This partnership brings NCFX's regulated and independent FX benchmarks onto the Canton Network through Kaiko's

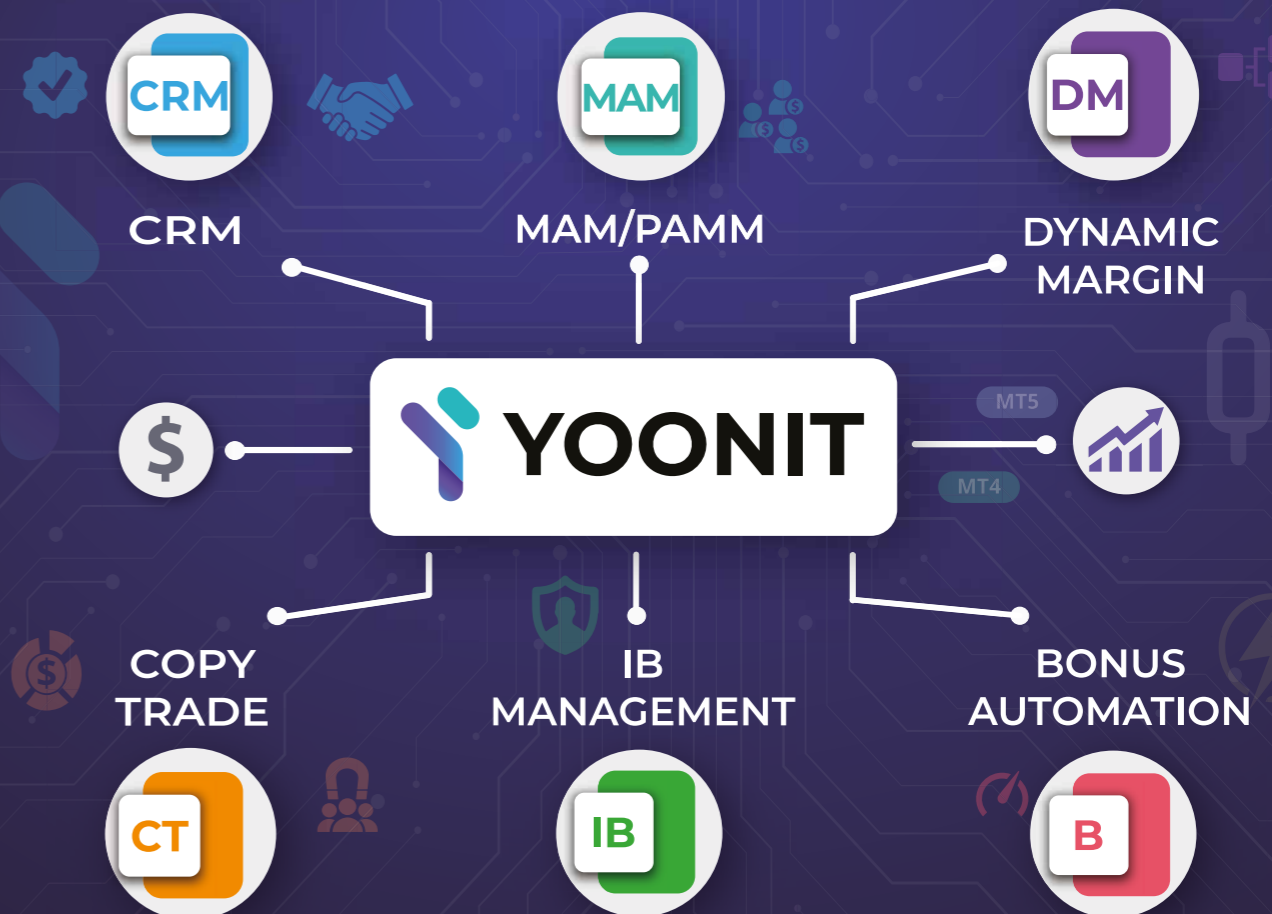


Kinga Broel-Plater

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PLUGIT



CME Group selects Horizon solution from FairXchange

FairXchange has announced that CME Group has selected its Horizon solution to provide execution analytics and liquidity management on CME's EBS Direct. The Horizon solution is designed to optimise liquidity provision, foster constructive dialogue between liquidity providers and consumers and significantly boost transparency across



Guy Hopkins

the FX marketplace. It will also empower market participants with direct data interaction for improved execution on EBS Direct. Guy Hopkins, Founder of FairXchange and Head of Capital Markets for United Fintech, said, "We are thrilled to welcome CME Group to the Horizon ecosystem. CME Group is one of the most significant and respected institutions in global financial markets, and their decision to select Horizon is a strong validation of our commitment to promoting transparency, collaboration and commercially sustainable trading relationships. We look forward to supporting their continued innovation across the FX market." Paul Houston, Global Head of FX Products, CME Group, commented, "We are continuously focused on providing our clients with the most advanced tools

to navigate the FX markets effectively. Leveraging FairXchange's Horizon solution will significantly enhance liquidity management for EBS Direct. This solution will empower our market participants with independent, data-driven analytics, enabling more informed decisions and optimising liquidity management and execution."



Paul Houston

BridgePort launches AI-driven exchange intelligence

BridgePort, the middleware coordination layer for institutional crypto off-exchange settlement (OES), has announced the launch of BridgePort Analytics featuring Bridget, an AI-powered exchange-intelligence agent that helps institutions optimize execution and settlement decisions across fragmented markets. In a market where liquidity is scattered across dozens of venues, making informed trading decisions requires



Nirup Ramalingam

synthesizing vast amounts of disparate data. BridgePort Analytics addresses this challenge by providing institutions an independent view into how exchanges actually perform, across spreads, slippage, depth, and fragmentation, so they can decide where to route flow and how to rebalance alongside their off-exchange settlement workflows. Bridget, the AI-assistant interface, makes this intelligence accessible through natural-language queries, bringing institutional-grade venue analysis to a broader set of traders without requiring expensive, specialized tooling. "As more trading moves to OES, institutions need a clear understanding of how each venue performs under real conditions," said Nirup Ramalingam, CEO of BridgePort. "BridgePort Analytics gives firms objective execution-quality data they can use to allocate credit, build routing logic, and manage settlement

risk across venues. It extends our role as the coordination layer for institutional trading by showing where real execution quality exists, helping firms rebalance more precisely and reduce the amount they must distribute across exchanges to stay competitive within an OES framework." BridgePort Analytics is powered by institutional-grade data feeds from partners that cover over 400 global exchanges and nearly one million trading symbols. The platform ingests real-time and historical order-book depth, trade data, market-microstructure signals, and the latest crypto-market news to deliver objective execution-quality metrics, size-specific venue behavior, and liquidity insights across global markets. These inputs create a unified intelligence layer that supports routing decisions, capital allocation, and settlement workflows for institutional traders.

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LMAX Group partners with Ripple

LMAX Group and Ripple have announced a strategic partnership to accelerate the fusion of traditional and digital capital markets. As part of this multi-year collaboration, LMAX will integrate RLUSD as a core collateral asset across its institutional trading infrastructure enabling LMAX's global customer base, including top-tier banks, brokers and buy-side institutions to leverage RLUSD for enhanced cross-collateralisation and margin efficiencies across spot crypto, perpetual futures and CFD trading.

"Partnering with a leader like Ripple is a milestone for LMAX, reflecting confidence and momentum in our cross-asset growth strategy. With the benefit of greater US and global regulatory clarity, fiat-backed stablecoins will be a key catalyst in driving the convergence of TradFi and digital assets and we firmly believe that RLUSD is positioned at the forefront," said David Mercer, Chief Executive Officer of LMAX Group. "We are thrilled to partner with the forward-looking leadership team at Ripple as together we develop a

modern financial ecosystem and the complete cross-asset marketplace for institutions globally."



David Mercer

Siege FX completes £7 million funding round

Siege FX has announced the closing of its Series A fundraising, a £7.0 million round led by Nasdaq Ventures, UBS and Barclays. Siege's first service, MidPool, is an innovative mid-matching mechanism for Spot FX. It enables participants to seek offsetting liquidity without information leakage and transact at a pre-formed and independent mid-rate. Already used by leading global banks, institutional investors, and corporate treasurers to minimise market impact and execution costs, MidPool is experiencing sustained growth thanks to both existing and new participants.

This Series A funding will enable further deployment of the solution across more instruments, as well as the development

of additional services aimed at delivering trading and operational efficiency for FX market participants.



Claude Goulet

"We are pleased to welcome these strategic investors as we embark on the next exciting phase of the company's development," said Claude Goulet, CEO of Siege FX. "Following the traction experienced with MidPool, their support will enable Siege to innovate further and address a wider set of key challenges faced by foreign exchange and global markets participants more broadly."

B2PRIME integrates with TradingView

B2PRIME Group, a global financial services provider for institutional and professional clients, has announced a strategic partnership with TradingView, one of the world's leading charting and social trading platforms. As part of this collaboration, B2PRIME has been recognised as a Platinum Partner of TradingView and has completed the official integration of its core trading platform, B2TRADER, with TradingView. With this integration,

trading on B2PRIME expands the ecosystem's capabilities and helps to deliver significant benefits to users. "Adding TradingView to our ecosystem is a natural step forward for B2PRIME. It's one of the most trusted platforms for market analysis, and when combined with our execution capabilities, it can give traders a simpler, more efficient way to access liquidity and trade with confidence," said Alex Tsepaev, Chief Strategy Officer of B2PRIME Group.



Alex Tsepaev

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By Vivek Shankar



2026

MARKET COMMENTARY



Vivek Shankar

be the year asset tokenisation gains ground and goes mainstream.

But what about the less celebrated, yet vital, aspects of the FX markets? We surveyed five experts for their takes on everything from regulation to swaps to market growth.

Here's what they reckon 2026 has in store for us.

JOHN CRISP, HEAD OF FX DATA PRODUCT & STRATEGY AT TRADITIONDATA, ON ALPHA GENERATION, TECHNOLOGY ADOPTION, ELECTRONIC WORKFLOWS, AND ADVANCED DATA SOLUTIONS

As 2026 kicks off, the only topics of conversation seemingly involve stablecoins, blockchain, and AI. 2025 delivered plenty of celebratory news on the regulatory front (GENIUS Act, MiCA), justifying the enthusiasm market observers have for digital assets.

Stablecoins are increasingly viewed as substitutes for fiat and crypto payments, with their ability to bypass high transaction fees in focus.

Blockchain adoption, meanwhile, continues to grow. Security use cases aside, interoperability is in focus as digital market infrastructure creeps into traditional markets. 2036 could

Businesses will increasingly look to use OTC flow and positioning data to complement price data in their search for additional alpha this year. Firms will look to datasets such as end-of-day position sizes and volumes of intraday trading activity broken down by some segmentation, with that segmentation allowing for greater inference from the data.

Electronic trading in NDF, onshore, and frontier currency markets will continue to evolve. This shift will be driven less by new venue innovation and more by advances in price construction by liquidity providers.



John Crisp

As pricing engines and the data that fuels them become more robust, client workflows will evolve along a spectrum from RFQ toward RFS and streaming models, improving execution efficiency while preserving control in less-liquid markets.

There will be more nuance in the curation of liquidity. This will be seen

"As pricing engines and the data that fuels them become more robust, client workflows will evolve along a spectrum from RFQ toward RFS and streaming models.."

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both in SOR (Smart Order Routing) and in trading venues offering more customised liquidity pools, helping to reduce market impact. Recent advances in AI will be a key enabler, allowing liquidity provider selection to be dynamically tailored to execution objectives, prevailing market conditions, and the specific instrument being traded.

ESTEBAN MORA, GROUP CHIEF TECHNOLOGY OFFICER, 26 DEGREES GLOBAL MARKETS, ON LIQUIDITY PROVISIONING, ANALYTICS, AND MANAGER ROLE EVOLUTION.

Liquidity pool curation will increasingly prioritize the effective economics of all trading activity over simple headline spreads this year. This requires measuring not just the cost of entry, but the cost of holding onto risk. The effective spread quantifies a broker's cost of liquidity at the point of entry and must account for all fills, rejects, latency, and execution friction. However, effective spread alone is insufficient. The mark-out decay of a liquidity pool can quantify post-execution price drift and highlight aggressive LP behaviours, such as sub-optimal or predatory hedging. This interplay can reveal the true costs of executing within any given liquidity pool. Tight spreads generated by overly aggressive skews may not necessarily be in the favour of the broker and must also be evaluated carefully.

While they appear attractive, they may cause the broker to experience adverse selection of trades, especially in an aggregated environment. In certain contexts, a higher effective spread with more fidelity to a neutral rate may provide a more efficient hedge. However, controlled skews can become valuable in offsetting concentrated client flow, aligning inbound pricing with the true risk profile of client flows.

"In 2026, liquidity analytics will continue to transition from a passive, post-trade reporting layer to a real-time control system."

Curation, therefore, revolves around optimizing both spreads and market impact. By heavily segmenting LPs by decay-adjusted performance, brokers can identify impactful behaviours and prioritize liquidity providers who are delivering an efficient transfer of risk, a dynamic that 26 Degrees fully supports. This not only preserves the broker's P&L but also provides a stable partnership for the long term, rather than optimizing for the optics of top-of-book spread.

In 2026, liquidity analytics will continue to transition from a passive, post-trade reporting layer to a real-time control system. This requires an architectural leap beyond any batch-based systems, to a streaming analytic pipeline with a live, holistic view of liquidity performance. Effectively, we are replacing "analytics you look at" with "analytics that drive the machine."

Critically for 26 Degrees, this capability has enabled event-driven automation. This allows for a movement away from manual tuning toward a system that can curate liquidity as risk and market conditions shift in milliseconds.

This has a natural consequence of tightening the relationship between analytics and execution. It becomes a closed feedback loop where data is no longer just an output, but a direct input for pricing and hedging engines. This can ensure a consistent quality of liquidity, as both the broker and the liquidity provider can optimize without delays in intervention. Of course, a robust technological system is needed for this benefit to be fully realised.



Esteban Mora

In terms of the evolution of the liquidity manager's role in 2026, the natural next step involves a transition away from an operational gatekeeper to a technical Product Owner of the liquidity stack. The manager must design the decision logic itself, quantifying and codifying what was previously a discretionary interpretation. This attempts to capture the "art" of liquidity management into explicit, repeatable steps.

This demands a shift towards an overall system architecture where the manager becomes a translator between commercial strategy and quantitative and technological development. While the system must be flexible enough for strategic human override, the core objective is to drive higher profitability while reducing daily operational burden.

The manager must define the boundaries and allow the system to optimize dynamically within them. Appropriate oversight and governance frameworks are essential when deploying these types of automated processes. This, along with technical prowess, is an area where companies will set themselves apart in the long term.

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The manager's workflow can therefore shift to proactive R&D over reactive tuning. As a system absorbs more of the load, the manager can focus on controlled experiments to further iterate on the system's logical and commercial design. This elevates the manager to the position of architect, continuously refining the broker's "edge".

RAHUL GUPTA, SENIOR DIRECTOR, FX PRODUCTS, CME GROUP, ON WHAT WE CAN EXPECT WITH OTC AND LISTED FX MARKETS EVOLVING TOGETHER

A confluence of catalysts, including capital impacts for banks and margin impacts for buy-side clients, has helped underpin continued growth in the adoption of FX futures; 2025 saw all-time records in terms of both the total number of large open interest holders and in gross open asset manager positions.

As the futures market continues to grow, so does client demand to more readily connect futures with the OTC market. Recent enhancements to CME Group's FX futures market include the addition of new currency pairs with SGD, THB, and IDR, all added in 2025, and the provision of regionally relevant snapshots for daily valuations, including 4 pm London, 4 pm New York, and 3 pm Tokyo.

Yet the ability to truly bridge the OTC and FX futures markets is arguably the most important area of development, and CME Group has made a concerted effort to more closely align these markets through three key initiatives. Each of these represents areas where we expect further evolution throughout 2026.

CME Group's FX Spot+, its next-generation all-to-all spot marketplace launched in 2025, enables seamless connectivity between the futures and

"As the ecosystem for Spot+ continues to grow, this should be a very interesting market to watch in 2026."

OTC marketplaces, and allows spot traders to access futures liquidity and vice versa.

We have extended the number of currency pairs available to trade and have made enhancements to the maximum order sizes to allow larger orders on the back of client demand.

As the ecosystem for Spot+ continues to grow, this should be a very interesting market to watch in 2026 as traditional OTC participants incorporate the two-fold benefits of being able to access futures liquidity for the first time, while also being able to distribute their OTC pricing to the entirety of the futures market.

FX EFRP volumes almost doubled year-on-year in 2025, with volumes up 97% and with activity across ~30 currency pairs. As more liquidity providers embrace and automate their support of this workflow, we expect a continued expansion of client adoption, thereby truly evolving the FX market by allowing buy-side clients to achieve capital and margin efficiencies of central clearing whilst leaning on bilateral, relationship-based OTC pricing.

We're also focused on growing FX Link as a leading centralised venue for market participants to manage spot to forward basis risk through cleared futures.

We see increased demand for the solution from Bank STIR desks, since it acts as a unique, capital-efficient swaps order book that truly separates

"Advances in the interdealer market will flow down to Bank-to-Client markets as the management of FX Swaps risk improves."



Rahul Gupta

liquidity from credit, in addition to providing a tool for participants to optimise the margin associated with their centrally-cleared futures and options risk.

PEER JOOST, CEO, DIGITEC, ON THE FX SWAPS MARKET IN 2026

During 2025, we saw the FX Swaps market continue to adopt electronic trading, with the majority of firms trying to automate large parts of their trading workflows to increase speed and efficiency, and to scale their FX businesses. We expect this to continue in 2026, as clients look to trade FX Swaps in more currencies



Peer Joost

DIGITEC

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More than 50% of the Top 50 FX firms use DIGITEC, the company behind the world-leading multi-asset pricing engine D3.

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and tenors. Banks can only support these client demands by implementing technology solutions, where workflows are automated in data, pricing, distribution, and settlement. Without investing in technology, these banks risk being replaced by their competitors.

The FX Swaps market is probably 15 years behind Spot in the use of technology, but it is rapidly evolving to a more electronic structure. The combination of client demand for FX Swaps, advances in pricing technology, and more available data has driven volumes up, and we expect this growth to continue in 2026.

Over the last two years, some firms have started to migrate from using voice brokers to interdealer venues like 360T SUN and LSEG Forwards Matching. To automate these workflows, we developed D3 OMS, which enables FX Swaps traders to efficiently place and actively manage orders on interdealer venues.

We expect this migration to continue and for interdealer volumes to increase as a result, driven in part by our pipeline of onboarding banks. These advances in the interdealer market will flow down to Bank-to-Client markets as the management of FX Swaps risk improves.

Another key theme for 2026 is the availability of more data. Pricing engines like D3 quickly construct curves using data from many different sources. As interbank FX Swaps venues attract more volume, the resulting core trading data will further enhance pricing accuracy.

Creating accurate curves across all relevant currency pairs will increasingly become the key differentiator for market makers to increase their P&L and win additional business.

"In 2026, automation in post-trade FX will move beyond simply speeding up existing steps and instead focus on reducing how many steps are needed in the first place."

MATTIAS PALM, HEAD OF TRIREDUCE FX AND COMMODITIES, OSTTRA, ON POST-TRADE TRENDS

In 2026, automation in post-trade FX will move beyond simply speeding up existing steps and instead focus on reducing how many steps are needed in the first place. The most meaningful change will be the wider adoption of workflow orchestration, where confirmation, matching, settlement preparation, netting, and optimisation are managed as one continuous process rather than a series of handoffs between systems.

Firms will increasingly rely on automated routing that can decide, in real time, whether a trade is best handled bilaterally, through a netting service, or via clearing, where available. This will be particularly important as portfolios become more diverse and less centred on a single currency. Automation will also extend to lifecycle events, such as rollovers and amendments, which today still generate a disproportionate amount of manual work.

Crucially, these advances will not require wholesale system replacement. The focus will be on layering automation on top of existing infrastructure, allowing firms to modernise at a controlled pace while keeping operational risk in check.

The biggest bottlenecks in post-trade FX remain exceptions, fragmentation, and capital inefficiency. Even highly automated desks still spend significant time resolving breaks caused by inconsistent data, late allocations, or mismatched settlement instructions.



Mattias Palm

In 2026, these issues will increasingly be addressed through greater standardisation and centralisation. Using common data models and shared services reduces the scope for disagreement between counterparties. At the same time, portfolio-level tools such as netting, compression, and optimisation will be used more systematically to reduce the sheer number of settlements and exposures firms need to manage.

Another long-standing pain point is the mismatch between 24-hour FX trading and once-a-day settlement cycles. While this will not disappear overnight, incremental progress toward more flexible and, eventually, near real-time settlement models will ease liquidity pressures and reduce operational stress during periods of volatility.

Data will become the primary control mechanism in post-trade FX. Rather than relying on end-of-day checks, firms will use analytics to monitor risk, settlement readiness, and operational health continuously.

In practical terms, this means using historical and real-time data to predict

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Recent advances in AI will be a key enabler

where breaks are likely to occur, flagging potential issues before they become costly problems. For example, analytics can highlight counterparties or currency pairs that consistently generate exceptions, allowing firms to address root causes rather than repeatedly fixing symptoms.

Supervision will also become more proactive. Managers will have clearer, simpler dashboards showing exposures, settlement status, and liquidity usage across the entire FX portfolio. This shift from reactive reporting to forward-looking insight will be essential as trading volumes grow and portfolios become more complex.

MATTIAS PALM ON OVERALL E-FX MARKET TRENDS THIS YEAR

Asia-Pacific will continue to be a major growth engine for

e-FX in 2026. Markets such as Singapore and Hong Kong benefit from deep liquidity, strong regulatory engagement, and active experimentation with new settlement and clearing models. India is also becoming more significant as local market infrastructure develops and participation broadens.

In Europe, growth will be driven less by new volumes and more by structural change. Preparations for shorter settlement cycles and ongoing regulatory reform will push firms to upgrade post-trade processes, increasing demand for electronic and automated solutions.

The Americas will remain dominant in absolute terms, but growth there is likely to be more incremental, focused on optimisation and resilience rather than expansion into entirely new markets.

Frontier and emerging markets will see steady, if uneven, progress in electronic FX trading. The key development will not be a sudden surge in volumes, but improved access and reliability. More trades will be confirmed and settled electronically, reducing reliance on manual processes that increase risk and cost.

As confidence grows, these markets will also benefit from better risk management tools, including payment versus payment mechanisms and portfolio optimisation services that make it easier for global firms to participate without taking on disproportionate operational risk.

Over time, this will support deeper liquidity and more consistent pricing, even if these markets remain less standardised than major currency pairs.

FX technology hotspots are most likely to emerge where regulation, market demand, and technical capability intersect. These point to centres such as London, Singapore, New York, and parts of continental Europe.

Innovation in these hubs will focus on interoperability rather than disruption for its own sake. New solutions will be designed to work alongside existing systems, enabling tokenised cash, digital settlement assets, and programmable workflows without forcing firms to abandon proven infrastructure.

Ultimately, the most successful innovations will be those that quietly remove friction from the post-trade process, lowering cost and risk without adding complexity. In a market as large and interconnected as FX, progress will come from collaboration and integration, not from isolated, stand-alone solutions.

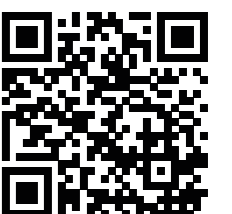
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From voice to code:

How FX liquidity became parametrised

By John McGrath



John McGrath

First time I decided to head into e-trading was when I was working at Lehman Brothers on the e-procurement side. You could see the ecommerce teams starting to grow and the feelings on the trading desks started to change in how liquidity was managed. My choices in the e-trading space were always built on technology even though the mechanics of the trades between buy-side and sell-side were relationship based. Some in the e-trading space still argue relationships are key to liquidity...but are they?

In the noughties a dealer knew which corporate treasurer would trade at the London fix, which macro fund would show size into New York, and which hedge fund would pull liquidity the moment volatility picked up. Prices were formed as much by relationships and judgement as by supply and demand. Away from the trading side the actual apparatus of which trading technology was selected from an array of vendors was also often dictated by relationships between client and vendor.

As we enter 2026 I think you can argue that world has largely disappeared or is in the process of disappearing. FX liquidity is no longer negotiated; it is parametrised. It arrives

as streams, curves, confidence scores and reject probabilities. What used to live in a dealer's head now lives in configuration files and datasets.

This shift from voice to code is not just a story about automation. It is a story about how FX liquidity itself was redefined. From human discretion to machine-readable parameters and how that change reshaped trading behaviour, market structure, data economics and the regulatory environment.

THE VOICE MARKET: LIQUIDITY AS JUDGEMENT

In the voice-driven FX market, liquidity was inherently contextual.

A quoted price depended on:

- Who was asking
- How much they wanted to trade
- Why they were trading
- When they were likely to come back

A dealer could widen a price not because volatility had increased, but because they suspected the client had information. They could show size selectively, lean on internal flows, or warehouse risk based on experience rather than models.

Importantly, liquidity was elastic. It could be negotiated, delayed, reshaped, or withheld entirely. The concept of a "firm price" was flexible, and execution quality was inseparable from relationships. Data existed — but it was secondary. The primary signal was conversation either on the phone or on the Bloomberg/Reuters chat.

ELECTRONIC TRADING DIDN'T REMOVE DISCRETION — IT ENCODED IT

The first wave of electronic FX trading did not eliminate dealer judgement. It translated it. Single-dealer platforms (SDPs) allowed banks to stream prices

From voice to code: How FX liquidity became parametrised

to clients, but those prices were still shaped by:

- Client tiering
- Historical behaviour
- Internal risk limits
- Dealer intuition

What changed was the interface, not the decision-making. Liquidity became continuous rather than episodic, but it was still deeply relationship driven. The crucial shift came later, when multi-dealer platforms (MDPs) and algorithmic execution forced liquidity to become comparable. In 2000 FXConnect, FXAll, Currenex and 360T launched and more MDPs followed. Once prices from multiple banks appeared side by side, discretion had to be expressed in a way machines could process. That required parameters.

PARAMETRISATION: THE MOMENT LIQUIDITY BECAME MACHINE-READABLE

In FX, this happened gradually but decisively. Dealers began to express liquidity through:

- Spread widths
- Skew adjustments
- Size tiers
- Timeouts
- Reject logic
- Last look thresholds
- Client tiering levels (Gold, Silver, Bronze, etc)

Each parameter encoded a piece of human decision-making:

- How much risk am I willing to take?
- How confident am I in this price?
- How toxic do I think this flow is?
- How fast do I want to respond?

Liquidity stopped being a conversation and became a function.

From the buy-side perspective, this was transformative. Instead of negotiating, traders could probe. They could send RFQs, stream requests, and child orders to infer liquidity conditions statistically rather than socially.

EXECUTION ALGOS THEN FORMALISED THE NEW LANGUAGE OF LIQUIDITY

The rise of FX execution algorithms completed the transition.

Execution algos required liquidity to be:

- Observable
- Predictable
- Quantifiable

An algo cannot “sense the market” the way a human trader once did. It needs inputs. As a result, liquidity had to be broken down into measurable components:

- Fill probability
- Market impact

- Slippage distribution
- Latency sensitivity

This forced both sides of the market into a feedback loop. Banks tuned their parameters to protect against adverse selection. Buy-side firms measured those parameters implicitly by analysing outcomes. Over time, liquidity became something inferred from data outputs rather than shown explicitly through relationships. In this sense, execution algos did not just consume liquidity they contributed to reshaping it.

WHY “LIQUIDITY” IN FX NO LONGER MEANS WHAT IT USED TO

In a parametrised market, liquidity is not depth at the top of book. It is a conditional probability.

A tight price is only meaningful if:

- It is firm
- It survives latency
- It fills at the expected size and price
- It does not disappear on an execution attempt

This is why FX liquidity often looks abundant until it isn't. During normal conditions, parameterised liquidity performs well. Models are calibrated on stable regimes, reject rates are low, and spreads behave predictably.

Under stress, parameters flip:

- Size thresholds drop
- Last look windows tighten
- Skews widen asymmetrically
- Streams pause entirely

What disappears is not liquidity itself, but the assumptions embedded in the parameters. Is this when relationships matter or when the data aligns?

THE BUY-SIDE RESPONSE: MEASURING WHAT CANNOT BE SEEN

As liquidity became parametrised, buy-side firms adapted by becoming data businesses. The last 10 years have seen this increase rapidly across the buy-side, although perhaps less so with corporate treasurers.

Buy-side Execution desks began to capture and analyse:

- Quote-to-trade ratios
- Reject reasons
- Time-to-fill distributions
- Venue-specific performance
- LP behaviour by pair, size, and time of day

This data became key to a change in mindset on the buy-side. Over time, sophisticated buy-side firms stopped asking “where is the best price?” and started asking:

- Where is the most reliable liquidity?
- Which LPs behave consistently in stress?
- How does liquidity decay as size increases?

These questions can only be answered statistically — another sign that liquidity had become abstracted from human interaction.

VENUE EVOLUTION: FROM EXECUTION TO DATA INFRASTRUCTURE

The parametrisation of liquidity could also be put forward as another

strategic reason exchanges acquired FX platforms. I have written on this in previous articles but deals such as CME and EBS, LSEG and Refinitiv, Deutsche Börse and 360T and BidFX and SGX. They were not simply about volume. They were about owning the rails on which parameterised liquidity flows.

Venues increasingly act as:

- Normalisers of heterogeneous liquidity
- Distributors of analytics
- Repositories of historical behaviour

In a world where liquidity is defined by parameters, the ability to standardise, measure, and replay those parameters becomes strategically critical. Execution is ephemeral. Data persists.

WHAT WAS LOST — AND WHAT WAS GAINED

The parametrisation of FX liquidity brought undeniable benefits:

- Lower transaction costs
- Greater transparency
- Scalability across regions and time zones
- Reduced reliance on individual dealers

But something was lost as well.

Human discretion once absorbed ambiguity. A dealer could choose to show liquidity despite uncertainty, based on judgement. Parameterised systems are less forgiving. When uncertainty rises, the default response is often to withdraw. This is why FX liquidity can feel binary for some clients: abundant until suddenly absent.

THE NEXT PHASE: ADAPTIVE PARAMETRISATION

The future of FX liquidity is never going to be a return to voice, nor a simple extension of current algos. It is adaptive parametrisation.

This includes:

- Dynamic skewing based on real-

time flow toxicity

- Machine learning models for reject probability
- Venue selection that adapts intra-order
- Feedback loops that update parameters continuously

But even here, the core truth remains, that liquidity is still being expressed through parameters. The difference is that those parameters are now adjusted faster and with more data. The market has not become less human — it has become human judgement at scale, encoded in systems. Some of the eFX platforms have seen this and anyone dialled into looking behind the press releases can see that strategically some platforms are well in advance of others in terms of future proofing.

We haven't even approached how AI will affect these MDPs and the trading/liquidity on them. It's a subject for a larger piece but look at what some of the sharpest minds in the biz say about AI and its impact on trading firms operationally. See the remarks recently in the press from Citadel CTO Umesh Subramanian and Schonfelds Ryan Tolkin.

CONCLUSION: LIQUIDITY AS A DESIGN CHOICE

FX liquidity did not disappear. It was redesigned. What was once negotiated became calculated. What was once implicit became explicit. What was once personal became statistical. Understanding modern FX markets requires understanding this transformation. Not just how algos work, but how liquidity itself was turned into code and what that means when the assumptions behind that code are tested.

Readers can see more of John McGrath's articles on his Substack page: johnjmcgrath.substack.com



AS LIQUIDITY BECAME PARAMETRISED, BUY-SIDE FIRMS ADAPTED BY BECOMING DATA BUSINESSES

From silos to systems:

How financial infrastructure is being rebuilt

An interview with Cristian Vlasceanu, CEO of Centroid Solutions.



Cristian Vlasceanu

Long before “convergence” became an industry buzzword, the FX industry was already operating at the intersection of trading, payments, risk, and technology. Brokers and liquidity-driven institutions have long managed real-time exposure, margin, and client funds across complex, multi-jurisdictional environments. Centroid Solutions is a global financial technology provider delivering enterprise-grade infrastructure for trading, investing, banking, and fintech enablement. Headquartered in the UAE, Centroid serves over 400 financial institutions across more than 55 countries, supporting millions of end users worldwide through a modular, API-driven ecosystem. Its core business remains firmly rooted in building enterprise-grade technology for FX brokers and trading platforms. What is evolving today is the role that this infrastructure plays. As banking, payments, and wealth capabilities increasingly connect to broker-led and app-first ecosystems, infrastructure is no longer just about execution and stability. It has become the foundation upon which institutions design, differentiate, and continuously evolve their client journeys. For managers at brokerages, banks, and digital platforms alike, this shift is less about replacing systems and more about who controls the front end, who owns the customer experience, and who can innovate without being constrained by generic platforms. We talked to Cristian Vlasceanu, CEO of the firm, to understand how he sees this transformation unfolding, and how Centroid is helping institutions bridge the gap.

THE END OF FRAGMENTATION

Cristian, financial services evolved for decades in vertical silos. Why is that model breaking down now, particularly in FX and trading?

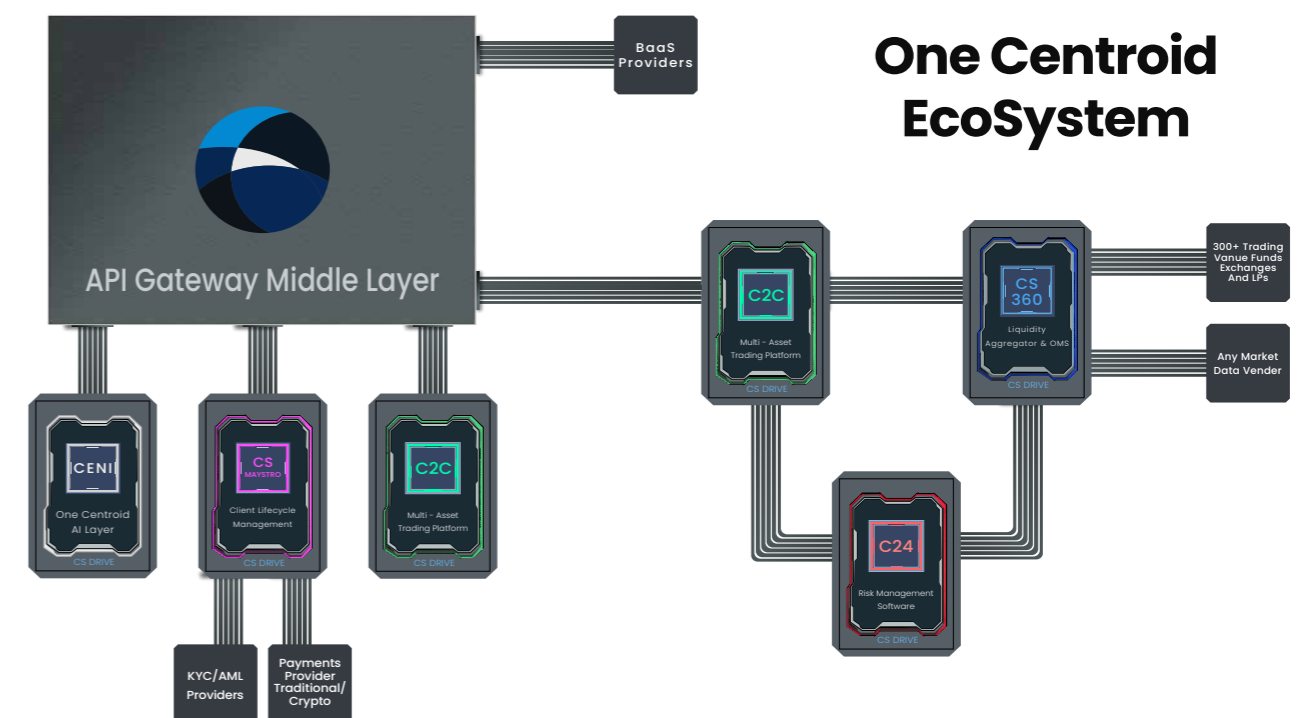
If you look at FX brokers and trading institutions, fragmentation has always been a constraint. Trading systems, risk engines, client money, payments, and reporting were often

handled by separate platforms that had to be stitched together.

What has changed is not just technology, but expectation. Today's clients, whether retail or institutional, do not distinguish between funding, trading, transferring, or managing exposure. They expect a continuous, real-time experience delivered through a single interface.

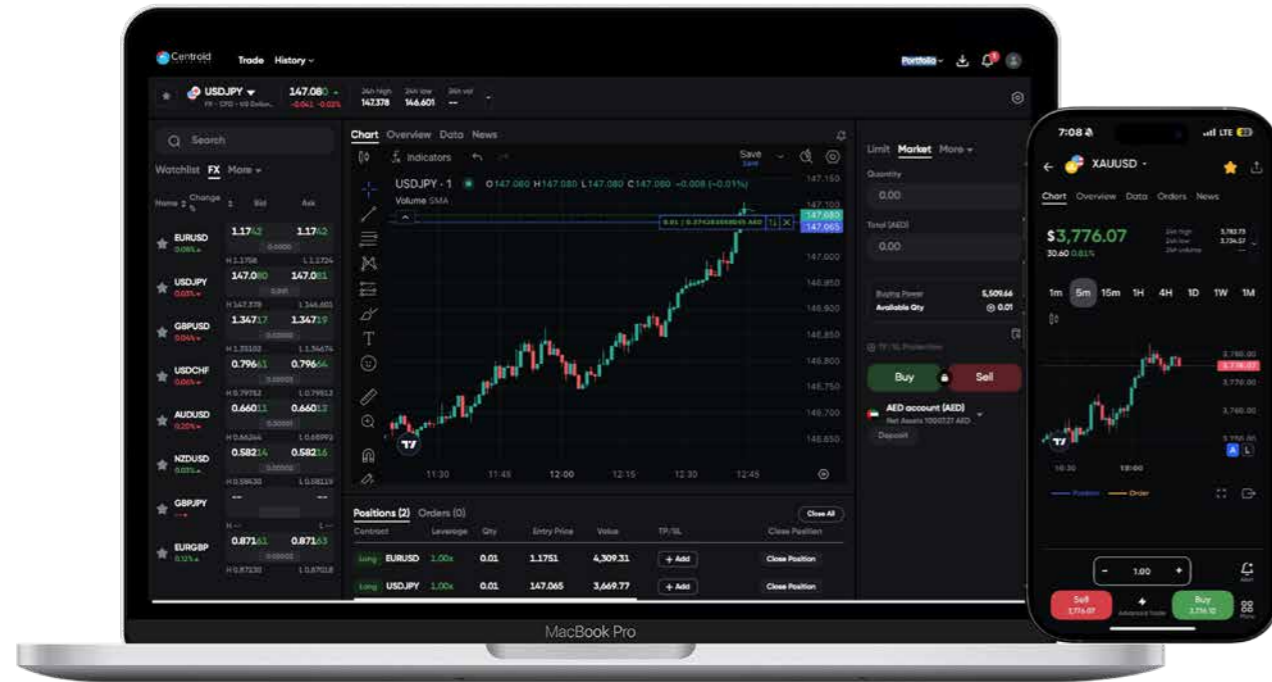
In FX especially, where margin, liquidity, and exposure are constantly moving, siloed systems simply cannot keep up. The industry is moving from product-centric thinking to system-centric thinking, where trading, payments, and account structures operate as one.

What is important to add is that this convergence is felt most strongly at the front end. Clients do not see backend



Centroid supports millions of end users worldwide through a modular, API-driven ecosystem

From silos to systems: How financial infrastructure is being rebuilt



Today's clients, whether retail or institutional expect a continuous, real-time experience delivered through a single interface

systems, but they immediately feel friction in onboarding, funding, or navigation. Fragmentation ultimately shows up as a broken journey, and that is where institutions are losing clients.

We have seen this model succeed at scale with platforms like Revolut and Robinhood. Why hasn't it become the norm across brokers and banks?

This is because what people see is the interface, not the infrastructure

underneath. Those platforms work because they were built on unified architectures from day one, but just as importantly, they were built with experience ownership in mind.

Most FX brokers and banks operate on layered legacy stacks that were never designed for this level of integration or real-time control. Typically, you will see a trading platform optimized for trading, a bridging engine optimized for execution, a separate wallet or payment system, another layer for

onboarding and compliance, and reporting added on top.

Historically, trading platforms were also designed to be reused across many brokers with the same front end. That created scale for vendors, but it removed differentiation for brokers. If a client is unhappy, they can move to another broker using the same app, the same interface, and the same experience - just with a different logo.

That lack of differentiation creates very little stickiness, especially when client acquisition costs are high. Platforms like Robinhood or eToro succeeded not because of plumbing alone, but because the experience itself became the product.

WHY CONVERGENCE IS HARDER THAN IT LOOKS

What are the biggest structural barriers FX brokers and banks face when trying to modernize?

The biggest challenge is that most core trading and banking systems were built incrementally, not architected as



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ecosystems. In FX, brokers are being asked to add new asset classes, support more jurisdictions, offer instant funding and withdrawals, provide real-time risk and P&L visibility, and integrate with multiple liquidity sources. Banks supporting these flows face similar pressure, often acting as liquidity providers, custodians, or settlement partners, but on infrastructure that prioritizes stability over flexibility.

At the same time, many institutions are still locked into platforms where innovation at the front end is constrained by backend limitations. The plumbing works, but it does not allow you to rethink how clients are onboarded, engaged, or retained.

The result is a growing gap between what the market expects and what existing systems can realistically deliver without structural change.

Is this where institutions often go wrong in digital transformation?

Yes, and it usually comes from assuming there is a single transformation path for everyone.

Convergence is inevitable, but how you get there depends on whether you are a broker, a bank, or a hybrid institution. A broker focused on execution and client experience has very different priorities from a bank providing balance-sheet support or Banking-as-a-Service (BaaS).

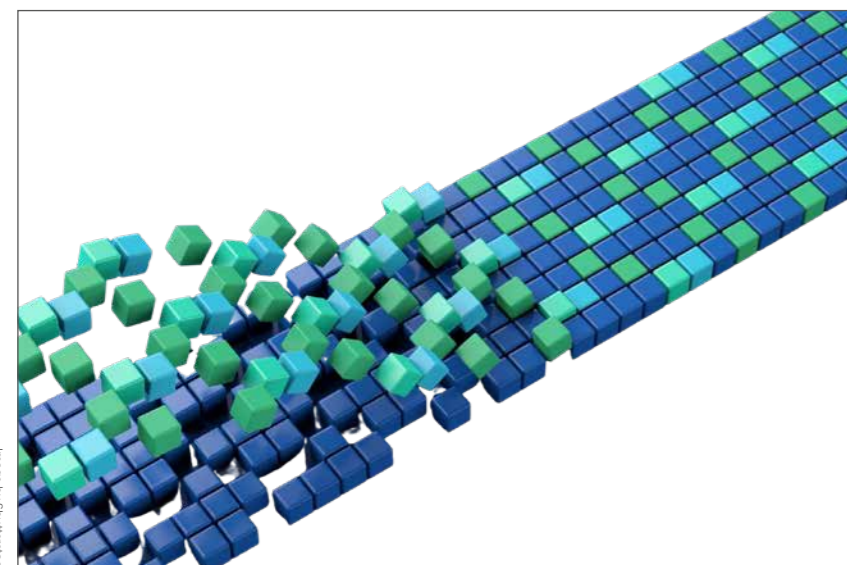
That is exactly why we designed the One Centroid Ecosystem around a single architecture that supports multiple operating models, while leaving experience design firmly in the hands of the client. No two institutions should be forced into

the same front end or the same journey.

FROM MARKET REALITY TO ARCHITECTURE

For FX brokers, convergence is not an abstract trend. Trading platforms increasingly sit at the center of broader financial journeys, intersecting with payments, wallets, custody, and regulated banking rails.

The challenge is not whether these components should connect, but how they can do so without compromising



There is a growing gap between what the market expects and what existing systems can realistically deliver



Execution and risk are centralized through CS 360, our unified OMS and liquidity engine

From silos to systems: How financial infrastructure is being rebuilt



CS Maystro is our multi-tenant Client Lifecycle Management platform

execution quality, risk control, or the ability to innovate at the product layer. At the same time, banks supporting FX flow as liquidity providers, custodians, prime brokers, or BaaS partners face a related challenge: how to enable innovation around trading-led ecosystems while preserving stability at the core.

At Centroid, this led to a foundational design principle behind the One Centroid Ecosystem: one architecture, multiple operating models, and full freedom at the front end.

BANKS AS FINTECH ENABLERS: PARALLEL INFRASTRUCTURE BY DESIGN

How does this architecture work in practice for banks that support brokers and fintechs?

For banks, the strategic question is rarely how to rebuild their entire digital stack. It is how to enable innovation without destabilizing the core.

Many banks are moving toward a fintech-enablement model, providing regulated banking, custody, and settlement rails to fintechs, brokers, and consumer platforms through Banking-as-a-Service (BaaS). In that context, system replacement is neither practical nor necessary.

When a bank acts as a fintech enabler, the objective is isolation and control. You want innovation at the edge without contaminating the core, while still allowing fintechs to build differentiated client journeys.

How does this 'parallel model' look like inside the One Centroid Ecosystem?

Under the One Centroid Ecosystem, banks deploy a parallel, modern infrastructure layer specifically for fintech programs.

A new core banking instance, dedicated to fintech activity, runs alongside the bank's existing core. It communicates with legacy systems where required, consumes and distributes services via true BaaS, and operates independently from retail and corporate banking.

This ensures fintech growth does not introduce operational or regulatory risk into core banking operations, while still allowing fintechs and brokers to innovate freely at the application layer.

Where does client onboarding and compliance sit within this model?

At the center sits CS Maystro, our multi-tenant Client Lifecycle Management platform. CS Maystro handles digital onboarding, KYC/AML, and compliance workflows, integrates payment providers



Image by Shutterstock

Many banks are moving toward a fintech-enablement model through Banking-as-a-Service (BaaS)

and multi-currency wallet services, and supports unlimited fintechs in isolated tenants.

How are trading, execution, and risk handled?

Each fintech or broker receives a dedicated instance of Centroid's C2C trading platform backend, giving them full control over products, asset classes, and fee structures.

What is critical is that each fintech or broker can define its own onboarding logic and customer journey, while the bank retains centralized oversight and reporting. Compliance becomes a shared framework, not a constraint on experience.

Execution and risk are centralized through CS 360, our unified OMS

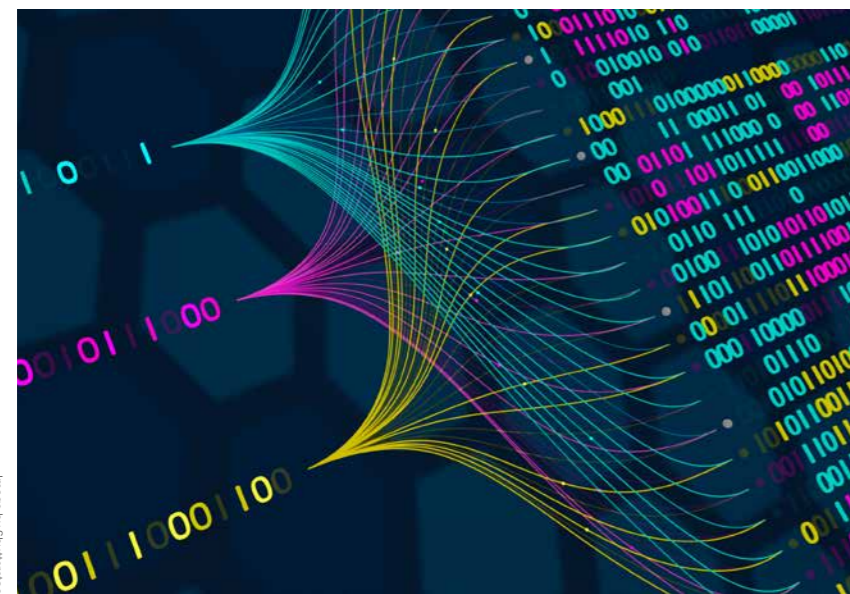


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What matters is having an API stack that does not limit creativity



Clients compare experiences, not just spreads or product lists



From silos to systems: How financial infrastructure is being rebuilt



Brokers invest heavily in client acquisition

and liquidity engine. This allows institutions to scale fintech activity while preserving revenue capture, compliance, and control - without forcing everyone into the same front end or user experience.

BROKERS, SUPER-APPS, AND DIGITAL-FIRST PLAYERS: THE ECOSYSTEM IS THE PLATFORM

How does this differ for FX brokers, neo-brokers, and super-apps running their own client experience?

The reality is very different. Brokers and digital-first platforms are directly responsible for the end-to-end client experience. For them, convergence cannot be bolted on. Running fragmented systems with a generic front

end creates churn. Clients compare experiences, not just spreads or product lists. That is why these institutions need unified onboarding, funding, trading, and account structures, seamless fund mobility, consistent compliance, real-time visibility, and a single data layer. Just as importantly, they need the ability to build their own front ends, publish apps under their own brand, and continuously evolve the experience. Building front ends today is not prohibitively expensive. What matters is having an API stack that does not limit creativity.

Centroid's C2C platform was built with this in mind, offering a comprehensive API layer for clients who want to build from scratch, as well as white-labeled front ends for those who want speed to market.

EXPERIENCE AS THE SOURCE OF STICKINESS

Where is real competitive differentiation shifting in today's trading and fintech platforms?

What we see across the industry is that backend plumbing, while essential, is no longer where value is created. It has become a commodity.

The real differentiation - and the real stickiness - comes from how institutions design their client journeys, how they keep users inside their app, and how they turn infrastructure into engagement.

Brokers invest heavily in client acquisition. If the experience is generic, those clients are lost quickly to competitors using the same platforms. If the experience is differentiated, intuitive, and continuously evolving, the app becomes the client's financial home.

That is the transformation Centroid is enabling.

“THE REAL DIFFERENTIATION COMES FROM HOW INSTITUTIONS DESIGN THEIR CLIENT JOURNEYS, HOW THEY KEEP USERS INSIDE THEIR APP, AND HOW THEY TURN INFRASTRUCTURE INTO ENGAGEMENT.”



If the experience is differentiated, intuitive, and continuously evolving, the app becomes the client's financial home

The Nordics:

A pioneering region of FX digitalisation and technology innovation

Paul Golden discovers why operating in Scandinavian markets requires a high degree of understanding of regional nuances as well as recognition of broader global trading trends.



Paul Golden

Although Scandinavian currencies are part of the G10, their trading behaviour often resembles that of emerging market currencies more than G7 majors. They are highly flow driven and even medium-sized transactions can significantly impact exchange rates.

Seasonality also plays a role, as corporate flows dominate liquidity in Scandi pairs. This is particularly evident in the Swedish krona, where patterns often mirror the predictability of large exporters.

Historically, market-making in these currencies has been concentrated among a handful of Nordic banks. While international banks participate by streaming prices, local players, especially SEB, benefit from a unique franchise deeply rooted in Sweden's corporate landscape. This position provides access to uncorrelated flows across retail, payments, corporates of all sizes and institutions, enabling the pricing consistency for which SEB is renowned.

Liquidity in Scandinavian currencies is also highly concentrated during European trading hours, reflecting the activity of local clients explains Carolina Trujillo, head of international FX sales and e-distribution at SEB.

LOCAL FRANCHISE KEY TO SUCCESS

"It is even possible to observe a dip during lunchtime, underscoring the importance of the local franchise and client community," she says. "These currencies remain attractive to international players and hedge funds, not only for their distinctive characteristics but also because of Sweden's strong fiscal position, which adds to their appeal."

This observation is supported by the bank's most recent Swedish macroeconomic forecast, which notes that the recovery in household consumption and GDP is finally picking up with the latter expected to grow by almost 3% in 2026 and 2027.

Household consumption is expected to rise by a similar percentage in both 2026 and 2027, supported by rising real wages, pent-up consumption needs and reduced taxes. Real disposable income is expected to increase by an average of 2.5% during 2025–2027 and the saving ratio has risen to record highs.

Unemployment continues to rise, although the upturn is showing



Liquidity in Scandinavian currencies is highly concentrated during European trading hours

some signs of levelling out. Labour market indicators have only marginally improved and SEB does not expect unemployment to start falling until the spring.

The National Institute of Economic Research's indicator of labour shortages in the business sector continued to decline in the third quarter of 2024. Wage increases are expected to slow down from 3.7% in 2024 to 3.2% in 2027.

The next round of wage negotiations

will take place in the spring of 2027, a period when inflation is expected to be below the 2% target. Indirect taxes will reduce inflation by almost one percentage point in 2026, mainly due to lower VAT on food.

Moderate wage growth, subdued international prices and a stronger Swedish krona indicate that inflation will remain below the target in both 2026 and 2027, also adjusted for lower indirect taxes.

Expansionary fiscal policy, increased defence spending and support for Ukraine are expected to lead to a significant rise in government borrowing in the coming years.

CUSTOMER RELATIONSHIPS EASE PLATFORM TRANSITION

"In a highly complex and fragmented e-FX landscape, our strong relationships with core clients position us as a trusted partner during the critical process of transitioning to new platforms," says Trujillo. "Leveraging our deep expertise and close ties with all major platforms, we maintain a clear understanding of which multibank portals best align with specific client needs. Additionally, we have valuable insight into each



SEB benefits from a unique franchise deeply rooted in Sweden's corporate landscape

THE BIGGEST BUY SIDE FX CONFERENCE

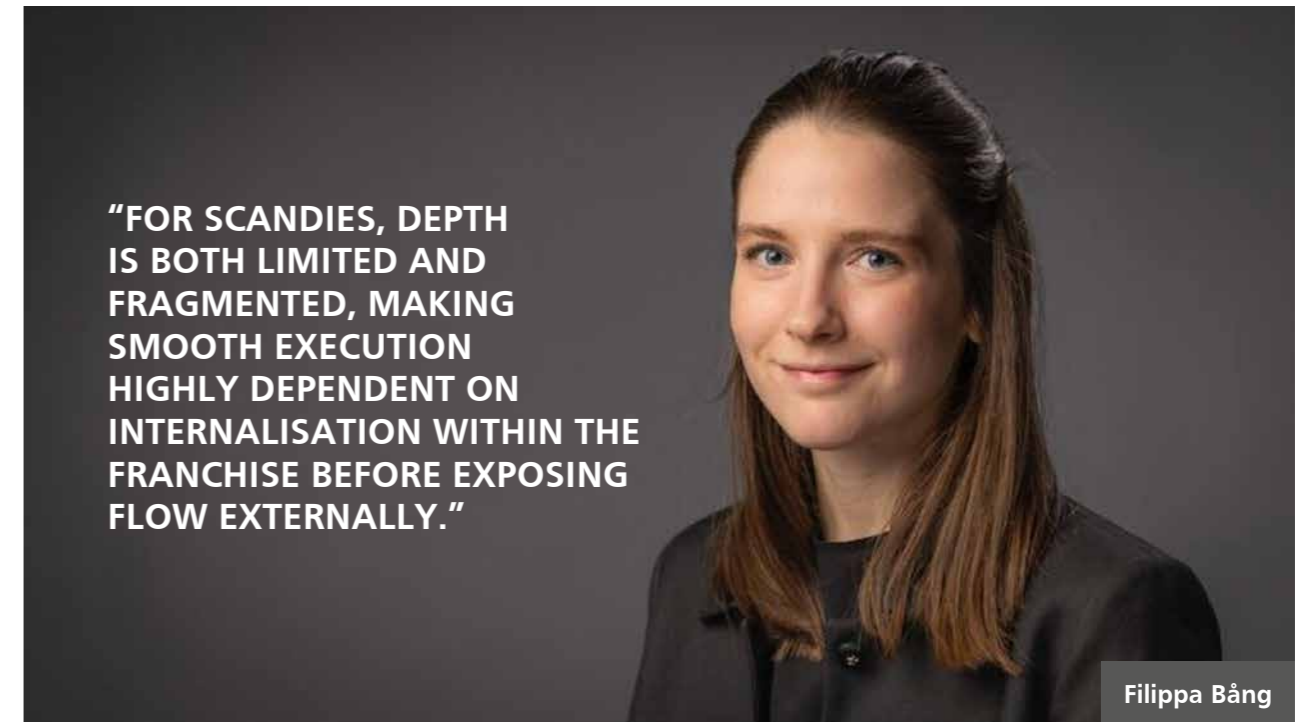
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platform's service quality, both from a technical perspective and in terms of client relationship management."

but also to evaluate the full spectrum of execution options available. Nordic buy-side firms vary in their level of adoption of electronic execution alternatives, ranging from those just beginning their digital journey to

highly advanced players. The latter have significantly enhanced their e-FX capabilities, driven by internal policy requirements and external regulatory pressures.

Clients rely on SEB's expertise not only to navigate the e-FX venue landscape

"We foster open and transparent discussions with clients to strike the right balance between achieving competitive pricing and recognising that trading is part of a long-term business relationship," adds Trujillo. "This understanding is well established among our core clients and enables deeper conversations about how to deliver the best possible outcomes for them in the long run."

of liquidity access. For Scandies, depth is both limited and fragmented, making smooth execution highly dependent on internalisation within the franchise before exposing flow externally."

instrument, leveraging blockchain technology, aims to become a trusted European payment standard in the digital ecosystem.

The stablecoin will provide near-instant, low-cost payments and settlements. The aim is to enable 24/7 access to efficient cross-border payments, programmable payments and improvements in supply chain management and digital asset settlements.

The stablecoin will be regulated by the EU's Markets in Crypto-Assets Regulation (Micar) and is expected to be first issued in the second half of 2026.

The initiative will provide a European alternative to the US-dominated stablecoin market, contributing to Europe's strategic autonomy in payments. Individual banks will be able to provide value added services, such as a stablecoin wallet and custody. For SEB, the primary objective is to be able to use stablecoin by the first quarter of 2027.

With clearer regulations and more

On the subject of demand for algorithmic FX trading across the Nordics and the strategies and toolsets that are proving popular with users, Filippa Bång, head of algo distribution at SEB refers to a steady increase in algorithmic trading volumes, driven by greater transparency and access to distinctive liquidity sources.

"Successful execution requires balancing fill certainty against market footprint, leveraging opportunistic algorithms that dynamically adjust participation and timing based on real liquidity conditions in Scandies," she explains.

"In Nordic FX markets, managing market impact is primarily a function

LEADING THE WAY IN MODERNISATION

The Nordic region has long been recognised as a pioneer in digitalisation and innovative ways of working. Today, the ongoing harmonisation of payment market infrastructure, encompassing the Swedish payment system and improvements in settlement cycle efficiency, marks a significant step toward delivering better services to clients.

These changes are long overdue and the current acceleration is creating a dynamic ecosystem that benefits established banks and payment companies while attracting a surge of new entrants in recent years.

In September 2025, SEB joined a consortium to launch a Micar-compliant, euro-denominated stablecoin. This digital payment

FOUR CASE EXAMPLES OF HOW SEB WORKS WITH FX AUTOMATION:

Share Class Hedging + Currency Overlay

A fund management client wanted to hedge the FX risk in their equity and bond portfolios. They also wanted to create share classes of some of their funds in different currencies and automatically hedge the embedded FX risk. SEB offered them a fully automated, cloud-based solution that calculates the required hedges, executes the trades and delivers the relevant benchmark and execution reports. In addition to saving the client a lot of manual work, SEB's solution will also protect them against market and operational risk.

Process Automation

SEB is working with a global

manufacturing company to optimize their internal processes in relation to liquidity and FX risk management. The objectives of this exercise is to help the company identify their biggest challenges, articulate their dream scenario and identify the technologies and processes required to implement their goals. A manual workflow carries with it both market and operational risk and SEB wants to help mitigate those risks.

Integration Through APIs

A global commodity trader uses Trading station to manually book the FX for their trades. It's usually 2-3 FX bookings per commodity trade. By connecting

their business system to SEB's rest-API's, the FX part of their trade is fully digital. This takes away both manual work, operational risk and the need to setup user accounts for all their traders.

Automated end-of-day overnight swaps

A Swedish bank and fund company sends their underlying FX Spot trades through a multi-bank platform and cleans up their SEB cash pools end-of-day with a manual overnight swap against SEK. By using SEB's service Schedule FX this can be automated, which means no more repetitive manual tasks.

“WE FOSTER OPEN AND TRANSPARENT DISCUSSIONS WITH CLIENTS TO STRIKE THE RIGHT BALANCE BETWEEN ACHIEVING COMPETITIVE PRICING AND RECOGNISING THAT TRADING IS PART OF A LONG-TERM BUSINESS RELATIONSHIP.”



advanced technology, there is now a distinction between general technology, speculative digital currencies and regulated stable digital currencies such as stablecoins.

“This collaboration aims to unlock faster, more efficient payment solutions, ultimately simplifying and enhancing the customer experience,” notes Trujillo. “Fintechs play a critical role in this transformation by targeting specific pain points and delivering frictionless solutions that add real value.”

FINTECHS PLAYING A KEY ROLE

From a banking perspective, while SEB drives numerous initiatives internally, it also recognises the importance of partnering with fintechs, whether to accelerate delivery or complement its offerings.

SEB hosts its annual Fintech Days each fall. This recurring event brings together Nordic fintechs to showcase their companies and innovations to

professional investors. In addition, the bank actively collaborates with Nordic and international fintechs in areas such as FX.

“Payments remain a central yet highly complex domain, largely due to fragmented solutions and the multitude of choices clients face,” says Trujillo. “The future should be seamless, instantaneous, harmonised and simplified. Achieving this vision will require a combination of forces, banks, fintechs and new players, working together to create a truly integrated and efficient payment landscape.”

As for the potential for further electronification of FX trading in the Nordics and where this will be focused, FX swaps remains an area where electronification will continue to advance. While the client-facing side is already highly automated, the real opportunity lies in the hedging space where further digitisation can deliver

significant efficiency gains.

SEB's commitment to innovation is evident through its investment in Spherical AI, a collaboration between AstraZeneca, Ericsson, Saab, SEB and the Wallenberg Investment Group. This initiative will operate a sovereign AI supercomputer designed to prepare Sweden's leading industries for the age of AI.

“The project underscores SEB's ambition in AI and we have a strong momentum for new and existing use cases within FX,” concludes Trujillo. “These range from optimising hedging strategies to dynamic, client-specific pricing in e-FX and extend further with the use of large language models to surface the most relevant insights for trading, sales and other functions.” By introducing an unbiased perspective into data analysis, AI enhances decision making and highlights areas that require attention across the business - delivering tangible benefits and driving smarter, faster outcomes.

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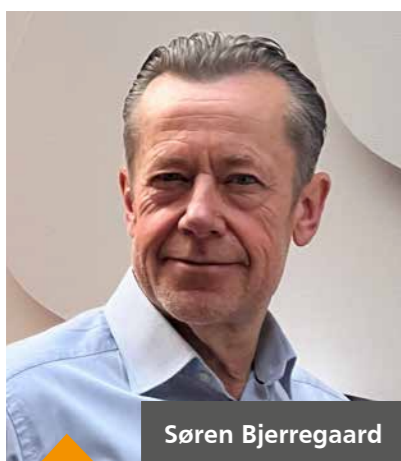
The Nordics: A pioneering region of FX digitalisation and technology innovation

DIGITAL ASSETS & E-TRADING EVOLUTION

Across the Nordic region (and increasingly globally) buy-side firms have moved beyond the question of whether they need electronic execution. The baseline is already established in terms of reliable connectivity, consistent liquidity across majors and local currencies and transparent, auditable pricing. What has changed materially is how these capabilities are consumed and what sits around them.

That is the view of Søren Bjerregaard, sales director at GCEX, who says buy-side firms now expect FX and digital asset trading to be fully embedded into their existing treasury, risk and portfolio systems rather than operating as standalone front ends.

“Flexible APIs are no longer a differentiator, they are a requirement,” he adds. “This is particularly true as firms manage increasingly complex, multi-asset portfolios across different time zones. Alongside this, we are seeing a clear and sustained increase in demand for crypto-related products, especially from institutional and professional clients operating under regulated frameworks such as MiCA.”



Søren Bjerregaard

“Not everything can be automated or put into a platform, so having a knowledgeable team to back up your technology offering is certainly still a key differentiator.”

CLIENTS DEMANDING ON DIGITAL ACCESS

These clients are not looking for speculative tools; they are looking for infrastructure that allows them to access digital assets with the same controls, governance and reporting standards they apply to FX and other asset classes.

From a functionality perspective, several themes consistently emerge:

- Pre- and post-trade transparency, including reporting that supports best-execution analysis, regulatory obligations and internal governance
- Liquidity aggregation and intelligent routing, allowing firms to manage market impact and execution quality across venues
- Real-time risk and limit controls, particularly for central dealing desks and portfolio managers
- Operational continuity across extended trading hours, reflecting the reality that markets (especially digital assets) now operate on a near-24/7 basis

“Crucially, clients no longer accept a one-size-fits-all platform model,” says Bjerregaard. “Buy-side firms differ significantly in how they trade, hedge, report and manage risk. They want solutions that can be tailored to their workflows, not forced into a rigid structure. This is where our role as a prime of prime becomes central. In a market moving towards greater regulation, broader asset coverage and continuous trading hours, flexibility and robustness are no longer optional.”

On the question of how much demand there is for algorithmic FX trading across the Nordics, he observes that while it remains strong and continues

to grow, the motivation has shifted. For banks, asset managers, pension funds and active corporates, algos are now a standard tool for hedging programmes and larger, benchmarked flows.

“What is accelerating adoption is pressure on liquidity and execution quality,” suggests Bjerregaard.

“Fragmented liquidity, tighter LP margins and the increasing use of AI by liquidity providers to analyse flow and manage risk mean that execution outcomes depend heavily on how orders are worked. As a result, more flow is moving towards rule-based, low touch execution, automated routing and algo selection frameworks.”

For smaller institutions and corporates, uptake is more selective. These clients want access to institutional grade algos via banks or prime brokers, combined with clear reporting and advisory support, rather than running complex models themselves.

“We see clients using algos less as a trading advantage and more as a governance tool to demonstrate process, measure outcomes and manage FX as a financial risk in an increasingly AI-driven market,” says Bjerregaard.

ELECTRONIC TRADING MAKES ITS MARK

One of the most significant developments in the FX market in recent years has been the increasing electronification of trading and the Nordics is no exception. Indeed, the region is consistently referred to as an early adopter of electronic FX and automation, with electronification now viewed as the standard rather than an innovation.

That said, the process is far from finished according to GCEX founder & CEO, Lars Holst, who notes that the focus is moving beyond trade

execution towards genuine end-to-end automation and integration of AI and 24/7 trading, linking ERP, treasury, risk limits and execution so that a significant proportion of flow is generated and processed automatically; extending automation into confirmation, settlement, collateral and reporting rather than concentrating solely on price-taking; and bringing FX futures and other listed instruments into the same electronic toolkit as OTC markets, supported by integrated risk and margin analytics.

“We know that Nordic institutions are cautious, but once there is regulatory clarity and a strong control framework they tend to move quickly,” he adds.

When asked which areas of FX-related financial technology are receiving the greatest level of investment, Holst observes that this investment is increasingly shaped by regulation, transparency and client sophistication, rather than by headline innovation alone.

“The most significant capital is flowing into data, analytics and execution intelligence,” he explains. “As more firms develop their own transaction cost analysis (TCA) frameworks, the



Lars Holst

“We know that Nordic institutions are cautious, but once there is regulatory clarity and a strong control framework they tend to move quickly.”



AI and cloud infrastructure are also receiving sustained investment

expectation is no longer simply to provide execution, but to provide data that can withstand scrutiny. High quality market data, granular execution metrics and audit-ready reporting are now essential not just for MiFID II obligations, but for internal governance and client oversight. In many respects, analytics have become a core control function.”

Closely linked to this is ongoing investment in system optimisation and low touch execution infrastructure. The focus has moved beyond building algorithms to ensuring the entire execution environment is resilient, observable and adaptable. This includes smart order routing, broader liquidity connectivity, pre- and post-trade controls and the ability to monitor and adjust execution behaviour dynamically as market conditions change.

AI ENABLING MORE EFFICIENT TRADING

Holst acknowledges that AI and cloud infrastructure are also receiving sustained investment, but primarily as enablers rather than ends in themselves. “AI is being applied to pattern

recognition, flow analysis, pricing behaviour and execution diagnostics, while cloud technology provides the scale needed to process growing data volumes and support near-continuous trading environments,” he says.

Underpinning all of this is a clear shift in client expectations. Buy-side firms want technology providers that are agile, that understand their specific workflows and that can adapt systems as their execution models evolve. One-size-fits-all platforms are increasingly challenged by clients who know precisely what they need and who have the data to validate it. “The objective is to give clients the tools, transparency and flexibility they need to operate confidently in a market where regulation is tighter, data is richer and expectations are higher,” says Holst, who adds that as clients become accustomed to instant and transparent domestic transactions, they naturally expect the same clarity and efficiency when managing their currency exposures.

“This shift in expectations is already influencing how institutions think about FX execution, use of stablecoins, liquidity access and digital asset infrastructure across the region,” he concludes.

NDF trading:

Increasingly electronic,
cost-effective,
transparent, and liquid

As demand for NDF trading continues to rise, Nicholas Pratt asks what needs to be done to make the market meet its full potential



Nicholas Pratt

The demand for NDFs is increasing rapidly due to several factors, says Matt DellaRocca, global head of liquidity, LMAX Exchange. These include the growing need for hedging in emerging markets with NDFs especially popular in regions with currencies that are not freely traded such as those in Asia and Latin America.

“Institutional investors are seeking ways to manage currency risk more effectively, which has led to increased interest in NDFs. Asia remains the global leader in this space, with the Indian Rupee (INR) and South Korean Won (KRW) accounting for most of the global volume. As global trade continues to integrate these emerging economies, the NDF has transitioned from a niche derivative to a critical instrument for capital preservation,” says DellaRocca.

There is also the broader trend of electronification. The NDF market’s adoption of electronic trading central clearing has traditionally not kept pace with other emerging market derivatives. But, says DellaRocca, regulatory pushes and increased liquidity via electronic platforms has seen the NDF market rapidly gain ground.

“For FX firms, the opportunity provided by the NDF market lies in increasing liquidity access for the buy-side, as well as other client segments who

NDF trading: Increasingly electronic, cost-effective, transparent, and liquid

“By improving the liquidity available for algo execution through our matching engines, we aim to make NDF trading more efficient and accessible, helping clients navigate these hurdles.”



Matt DellaRocca

have traditionally faced challenges in accessing deep liquidity in this space,” says DellaRocca. “By providing a trading environment that offers greater transparency and efficiency, liquidity improves, driving tighter bid-offer spreads, reducing trading costs and attracting more participants. This, in turn, creates a more competitive environment for all market participants.”

COLLABORATIVE EFFORTS

The fragile liquidity environment of many of the emerging markets in which NDFs operate has typically been

seen as a weakness and one that needs to be addressed by the markets. According to DellaRocca, LMAX has focused on enhancing NDF liquidity and collaborating with banks and non-banks to build deeper, more reliable liquidity pools.

“This collaborative effort is essential to overcoming current hurdles. Looking forward, we see immense potential in Crypto NDFs. Much like traditional NDFs solved the problem of non-convertible fiat, Crypto NDFs allow institutional investors to gain exposure to digital assets like Bitcoin and Ethereum without the operational complexities of physical custody or the hurdles of crypto infrastructure,” says DellaRocca.

Another key development is the growing demand for NDF algos from the buy-side and real money clients as institutional investors seek efficient ways to execute large trades with minimal market impact, says DellaRocca. “However, the adoption of NDF algos has been slower than expected due to the limited

availability of NDF liquidity pools and the underdeveloped nature of algo execution in this market.

“While the buy-side is keen to use algos for better execution, the lack of deep liquidity and the complexities of trading make algorithmic strategies more challenging. By improving the liquidity available for algo execution through our matching engines, we aim to make NDF trading more efficient and accessible, helping clients navigate these hurdles,” says DellaRocca.

To unlock the next level of growth, there needs to be a concerted effort to build deeper liquidity pools and enhance algorithmic offerings from the banks, says DellaRocca. “We must focus on expanding market participation, improving infrastructure for better trade execution and ensuring that liquidity is more accessible and transparent. “As liquidity pools deepen and algo execution improves, trading firms will experience the direct benefits of reduced execution costs, tighter spreads and faster trade execution. Ultimately, addressing these infrastructure gaps will lead to better price discovery and increased efficiency, making NDF trading far more cost-effective for all participants.”

The future of NDFs is incredibly promising, with significant growth potential driven by continued advancements in technology, liquidity improvements and evolving market dynamics, says DellaRocca. “The demand for NDFs will continue to grow as institutional investors seek more efficient ways to manage currency risk in emerging markets. We are already seeing heightened interest from the buy-side, and as algorithmic execution becomes more sophisticated, we will see even greater adoption. We believe that as technology matures, NDFs will become as seamless to trade as G10 spot currencies.”



A key development is the growing demand for NDF algos from the buy-side and real money clients



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“With global cleared NDF volumes projected to exceed \$2.5trn monthly by 2026 and Asia-Pacific maintaining a 45% market share, the next phase of growth will hinge on interoperability, standardised clearing, and institutional adoption.”



Vinay Trivedi

SUBSTANTIAL GROWTH

NDFs have recorded substantial growth amid expanding participation from institutional and regional market participants, though volumes still trail other FX instruments such as swaps and futures. FX swaps remain the dominant product globally, representing roughly 49% of total FX turnover, while NDFs account for a smaller but fast-growing share. FX futures average daily volumes exceed USD 100 billion, yet open interest remains relatively low as positions are more short-term in nature.

By contrast, NDFs have become critical risk management tools in markets with currency convertibility restrictions, with INR, KRW, and Taiwan dollar (TWD) often surpassing spot turnover in offshore activity.

According to Vinay Trivedi, CEO of SGX CurrencyNode, this highlights NDFs' structural importance in bridging onshore constraints with offshore liquidity—particularly in Asia's emerging markets, where demand for credit-efficient and cleared instruments continues to rise.

To sustain this growth trajectory, the NDF market must advance through targeted infrastructure, regulatory, and technology enhancements, says Trivedi. “Expanding RFQ, RFS, and streaming capabilities will enable unified global connectivity, while greater interoperability across platforms will reduce fragmentation and improve data flow. Broader participation from tier-2 and tier-3 banks is key to deepening liquidity and streamlining execution.



The regulatory environment for NDF trading is complex

“Standardising central clearing and settlement processes, coupled with regulatory clarity on margin and capital treatment, will promote transparency and efficiency. Meanwhile, advanced algo solutions tailored for NDF workflows and execution tools capable of handling broken dates and complex tenors, will further enhance market scalability. Collectively, these developments are accelerating the electronification of NDF trading—creating a more efficient, liquid, and globally connected offshore FX ecosystem.”

The adoption of NDF algos is accelerating as market participants seek greater efficiency, liquidity, and precision in emerging market currency execution, says Trivedi. “Byside automation, traditionally slower in the NDF space due to bilateral structures and limited market data, is catching up rapidly with the rise of electronic platforms and central clearing access.”

However, challenges persist—such as liquidity fragmentation across venues, data inconsistencies, handling of non-standard contracts like broken dates, and continued manual intervention by some asset managers, says Trivedi. “These factors can dilute algo performance and execution quality, particularly in secondary pairs such as IDR, Peruvian nuevo sol (PEN), and TWD. Nonetheless, the market is evolving quickly: global banks have expanded their algo suites for NDFs, while trading volumes on electronic venues are up more than 25% year-on-year as cleared NDF activity gains traction.”

To overcome structural inefficiencies, the industry is embracing AI-enhanced and API-enabled solutions that streamline execution and connectivity, says Trivedi. “Platforms integrating CLOB, RFQ, and streaming models now enable seamless aggregation



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of liquidity, while collaboration with onshore banks is strengthening depth and stabilising spreads.”

The outlook for NDFs is increasingly positive as the market evolves through regulatory modernisation, technological innovation and expanding participation, says Trivedi. “The implementation of Uncleared Margin Rules (UMR) Phases 5 and 6 has accelerated the shift toward central clearing, with more participants migrating NDFs to CCPs to manage margin costs and counterparty risk. While these rules raise compliance costs for smaller players, they are also driving adoption of clearing brokers and third-party solutions, improving overall resilience.”

At the same time, NDFs continue to face growing competition from futures markets, which benefit from standardized contracts and robust liquidity, says Trivedi. “Nevertheless, NDFs remain indispensable in currencies with capital controls and limited convertibility, where futures contracts are not viable. Regulatory developments across Asia are set to reinforce this growth trajectory. Initiatives such as China’s CFETS expansions, Korea’s deliverable reforms, and Taiwan’s swap clearing frameworks are strengthening links between onshore and offshore markets, improving transparency and price discovery. These changes, alongside Basel III and UMR compliance

alignment, are fostering a more stable, risk-managed FX ecosystem.”

Technological innovation is further reshaping the NDF landscape, with electronification, AI-driven algos, and unified APIs expanding market accessibility and execution quality, says Trivedi. “With global cleared NDF volumes projected to exceed \$2.5 trillion monthly by 2026 and Asia-Pacific maintaining a 45% market share, the next phase of growth will hinge on interoperability, standardised clearing, and institutional adoption. As these forces converge, NDFs are transitioning from niche hedging tools into a cornerstone of modern FX risk management—anchored by robust infrastructure, intelligent execution, and sustained emerging market demand.”

NDF CENTRAL CLEARING

The market’s adoption of electronic trading for NDFs has accelerated significantly in recent years, narrowing the gap with other emerging market derivatives, says Chris Matsko, senior managing director, head of FX and TCA platforms for GlobalLINK State Street. “Various platforms now offer robust electronic execution environments, giving participants access to deep liquidity pools, automated workflows and greater transparency and efficiency. These advancements have made electronic NDF trading

increasingly mainstream, with multi-dealer platforms and sophisticated pre- and post-trade analytics simplifying the trading lifecycle and reducing operational risk.”

However, while electronic trading infrastructure has matured, NDF clearing remains in its early stages, says Matsko. “Most NDF trades are still conducted bilaterally, with central clearing adoption lagging behind other derivatives such as IRS or FX swaps. This is despite the availability of automated middle-office solutions — such as transaction lifecycle management and integrated confirmation platforms — which are designed to support cleared workflows and reduce manual intervention.”

Recent developments, including the development of vendor platforms that support confirmation and clearing, signal progress toward broader adoption of central clearing for NDFs, says Matsko. “However, market demand for cleared NDF liquidity pools is only beginning to materialize, and many participants continue to rely on uncleared execution venues. The industry is watching closely as regulatory pressures, operational efficiencies and risk management considerations drive further innovation in this space.”

The regulatory environment for NDF trading is complex, with the most significant challenges often arising from how technology vendors interpret and implement these rules, says Matsko. “Recent updates from UK and European regulators have prompted many trading technology providers — particularly aggregators and execution management systems — to reassess whether their platforms fall under the scope of regulated trading venues. As a result, some vendors are making significant investments in compliance infrastructure, while others continue



To overcome structural inefficiencies, the industry is embracing AI-enhanced and API-enabled solutions



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“More clients are exploring NDF algos, and offerings are gradually evolving from basic smart-order routing to more adaptive strategies tailored for emerging market conditions.”



Chris Matsko

to operate outside formal regulatory frameworks. This divergence has led to increased scrutiny and uncertainty across the industry, with cost and operational implications for both vendors and market participants.”

For investors, this creates a landscape where the choice of trading platform can significantly impact execution quality and regulatory certainty, says Matsko. “Platforms like FX Connect MTF operate as regulated trading venues with established governing rules and controls, ensuring that NDF trades are executed within a robust regulatory framework. In contrast, some EMS vendors assert they fall outside regulatory scope, introducing challenging and sometimes confusing optionality for investors seeking best execution. This divergence in vendor approaches can lead to uncertainty about which workflows are compliant and which deliver the most reliable outcomes.”

The adoption of algorithmic execution in NDFs has historically lagged behind deliverable FX, but recent years have seen a gradual increase in demand, says Matsko. “Initially, hesitation stemmed from concerns about liquidity, data

quality and the suitability of existing venues. Today, providers are addressing these challenges by expanding access to NDF algos and investing in more robust infrastructure.

“Although uptake remains limited compared to G10 currencies, the trend is clear: More clients are exploring NDF algos, and offerings are gradually evolving from basic smart-order routing to more adaptive strategies tailored for emerging market conditions. This incremental growth is supported by lower execution costs, as platforms expand connectivity and providers internalize more risk, making NDF algo execution increasingly cost-effective,” says Matsko.

A key driver of further adoption is the growing transparency enabled by enhanced Transaction Cost Analysis (TCA) metrics, says Matsko. “As TCA tools become more sophisticated — offering granular pre- and post-trade analytics, implementation shortfall benchmarks and venue-level diagnostics — traders gain clearer insights into execution quality and market impact. This transparency not only helps evidence best execution but also builds confidence in the performance of NDF algos relative to traditional workflows,” says Matsko.

“As execution costs continue to compress and TCA analytics become more sophisticated, NDF algo adoption is poised to accelerate. Providers are actively investing in technology and workflow enhancements, and as the market infrastructure matures, buy-side confidence in NDF algos will continue to grow,” says Matsko.

“Continuous growth in liquidity providers’ CCY offerings and tenors,

along with additional market participation, is contributing to a more established ecosystem. At the same time, there is a growing need for regulatory parity between platforms that operate under strict compliance frameworks — incurring substantial costs to meet regulatory obligations — and firms that remain outside formal regulation while still offering NDF services to clients,” says Matsko.

So what does the future hold for the NDF market? “Regulated, compliant platforms with broad and deep liquidity offer the best environment for both makers and takers,” says Matsko. “They provide confidence by operating within established regulatory frameworks while supporting diverse currency pairs and tenors. Meanwhile, TCA tools enhance transparency through detailed pre- and post-trade analytics, helping firms validate execution quality. Together, regulatory assurance, liquidity diversity and robust analytics drive success in NDF trading.”

NATURAL NEXT STEP

According to Stuart Parris, head of sales at Euronext FX, the electrification of the NDF market was a natural next step. The FX spot market has been highly electrified for 15 years or more so the NDF market was the next logical choice in the interbank market, which is where Euronext FX operates.

However, for electrification to be properly scale in the same way that the FX spot market has, you need places to source liquidity, says Parris.

“We have seen growth in the market and that has been key to the case for electrification because market participants want to trade all their asset classes or FX instruments in the same way if possible.” In terms of markets, Asian pairs lead the way. Latin America is next in terms of

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"We have seen growth in the market and that has been key to the case for electronification because market participants want to trade all their asset classes or FX instruments in the same way if possible."



Stuart Parris

more investment in those frontier and emerging markets, it is only a matter of time before there's more need for electronic processes."

There are differences in the use of NDFs by various buy-side participants, says Parris. "For example, an asset manager may buy an NDF to hedge their underlying assets, whereas a macro fund may use an NDF for the currency movement itself, and a corporate might need an NDF to hedge underlying cross-border payments. There are different use cases across the board."

market demand with Brazil a standout, followed by Chile, Colombia and Peru.

There is also talk about African pairs being next to join the NDF surge. Ultimately it will be gauged by buy-side demand, says Parris. "If more asset managers are further expanding their geographical footprint for their investments, they will need to put in NDFs to hedge that exposure and the banks will need to put in processes to manage that risk in an effective way. And electronifying those markets will satisfy those needs. So as you see

But perhaps the greatest indicator of the growth of electronic NDF trading would be when more banks add NDFs to their FX algo suites, says Parris. "There are some already offering this and there will be more to follow. In order to facilitate the execution of an NDF algo, banks require a certain amount of streaming NDF liquidity and that can only be achieved by connecting to more venues. It has to be a seamless electronic process."

In terms of regulation, the NDF is still challenging, says Parris. "Every market participant works in a slightly different way. There are various regulatory equivalences available to firms operating in different domiciles and in an ideal world, there would be a level playing field for all. But the NDF market is more complex because they are seen as derivatives rather than FX so subject to more rules and regulations, with every jurisdiction having slightly different requirements."

Parris is also seeing more firms come into the NDF space. Banks have always been there because they use them to offload their risk. In the last 15 years, we have seen an increase in the involvement of prop trading firms, or non-bank market makers. "These are firms that specialise in market making and have fantastic technology, so it was a logical step. You need that mix of banks with the infrastructure and the balance sheets and the non-bank market makers who have the speed and agility. For the consumer, this is a good balance."

When it comes to the demand for certain 'fringe' NDF products such as crypto NDFs, Parris is sceptical. "You can put NDF in front of anything but an NDF is essentially an institutional version of a CFD. It's the same principle of taking exposure of an asset without ever taking delivery of said asset. These fringe NDFs might gain ground in the bilateral markets but I cannot see them being worthwhile for most of the trading platforms to invest in those instruments," says Parris

"NDFs were originally created for market participants who want to hedge or take exposure to currencies that can't be freely delivered offshore. So they are intrinsically adaptable instruments," says Parris.



The future of NDFs is incredibly promising

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The infrastructure imperative: Rebuilding e-FX for the 24/7 digital currency era

The FX world is built on a 24/5 model, yet digital currencies demand 24/7 operation. We asked Matt Barrett, CEO and co-founder of Adaptive about what core infrastructure shortcomings must e-FX desks address to close these structural gaps.



Matt Barrett

The 24/5 FX structure we rely on, anchored to bank settlement cycles and regional market closes, is fundamentally challenged by the always-on, 24x7 nature of digital currencies. Amongst these currencies, stablecoins are the most relevant gateway for institutions: they've matured from a niche crypto tool to a global financial utility, especially since the GENIUS Act and MiCA provide more regulatory clarity.

To give you a sense of scale, the stablecoin market cap is now over \$300 billion, their daily transaction volumes are rivaling major legacy payment networks and stablecoin issuers have quietly become one of the largest non-sovereign holders of

US Treasury debt, putting them in the same league as some foreign nations. All this creates an expectation for real-time, continuous settlement in FX, effectively eliminating the time window where risk and capital are trapped. Legacy infrastructure however, built on batch processing and daily end-of-day operations, can rarely support this new reality. This forces us to rethink how we manage risk and capital 24 hours a day to avoid lost revenue opportunities, increased capital costs, and systemic operational risk on weekends.

It's a timely topic. How do regulations like the recent US GENIUS Act and EU MiCA specifically pressure institutions to modernize their trading and settlement infrastructure?

That's a key question, because regulation often dictates architectural change. The GENIUS Act (Guiding and Establishing National Innovation for U.S. Stablecoins Act), signed into law in July last year and moving to full implementation by January 2027, is the first comprehensive federal framework for digital dollars. It signals that stablecoins are becoming mainstream by establishing clear regulatory guardrails— requiring 1:1 reserve backing with liquid assets,

monthly audits, and full AML/KYC compliance.

Similarly, the EU MiCA (Markets in Crypto Assets) regulation, signed into law in June 2023 and effective from December 2024, applies stringent supervision guidelines, including transparency and market integrity safeguards, and operational resilience requirements.

To meet these standards for auditability and risk, the FX space can no longer rely on legacy, batch-based systems. Every single trade, credit check, and balance update must be processed with operational robustness and an immutable audit trail—24 hours a day. The regulatory clarity provided by GENIUS places stablecoins now firmly in the mainstream, which means we need to adopt infrastructure that can handle this new level of speed, resilience and compliance.

What's the fundamental architectural challenge that prevents many legacy e-FX systems from achieving true 24x7, deterministic operation?

The fundamental challenge lies in an architectural model built for delayed settlement and downtime. Many legacy systems treat events independently, without a reliable

sequence, relying on fragmented components that communicate asynchronously, which leads to non-determinism. For a 24x5 market with T+2 settlement, you have a large window to reconcile errors.

In the 24x7 digital environment, where stablecoins offer instant settlement, that window is eliminated. When a price update and an order arrive almost simultaneously—a race condition—the system might process them differently in the matching engine versus the risk system.

This unpredictability leads directly to systemic issues: untraceable P&L loss, failed credit checks, client disputes over fill quality, and a complete lack of the auditability required by the GENIUS Act. The core issue is that complexity breeds inconsistency, and 24x7 atomic settlement instantly penalizes inconsistency.

The GENIUS Act explicitly enables non-bank issuers. How does this change the competitive landscape and create an immediate opportunity for tech-forward firms?

The biggest shift is the legitimization of non-bank innovation. By clarifying that compliant stablecoins are not securities and establishing federal licensing paths, GENIUS opens the door for fintechs, exchanges, and specialty tech providers to enter the payments and settlement space with regulatory certainty. This turns digital infrastructure from a cost centre into a competitive edge. Tech-forward firms can leverage modern, modular architectures and high-performance tech built for capital markets (such as Aeron®), to build new 24x7 FX products quickly, bypassing the technical debt that slows down incumbents. This is a race for market share using technology as the key differentiator.



The stablecoin market cap is now over \$300 billion

What concrete P&L or risk management benefits does a 24x7 trading architecture deliver in the context of high-volume FX trading?

Moving to a deterministic 24x7 architecture fundamentally changes how we manage risk and trading profits. The big win here is achieving consistency and resilience which can have big impacts on Internalization, Credit, and Hedging. For Internalization, predictable order flow eliminates ambiguity in high-frequency matching, giving clients fairer fills and protecting against adverse trading tactics. In Credit, it stops the scenario of double-spending or over-exposure by making sure every balance update is applied in the precise, correct order. And for Hedging, we ensure our external trades are always executed based on the committed, sequenced internal state. This protects P&L, prevents adverse selection, and directly reduces slippage (the 'jitter tax') that eats away at margins, especially when settlement is instant with stablecoins.

Given the urgency to modernize, how can banks avoid the trap of proprietary vendor lock-in or an overly slow, multi-year internal build?

This is where the "Buy and Build" model is critical. A full, bespoke build can be too slow and costly,

and a monolithic vendor package sacrifices control and differentiation. We advocate adopting battle-tested infrastructure layers like Aeron and leverage pre-built components for common trading functions (e.g., FIX Gateways, Order Management) that are fully integrated. This allows the e-FX desk to focus their developers only on their unique business logic—the pricing algorithm or the bespoke hedging strategy—delivering fast, bespoke change while avoiding vendor lock-in and retaining full IP ownership.

What should e-FX technology leaders prioritize over the next 12 months to prepare their infrastructure for the inevitable shift to digital currency trading?

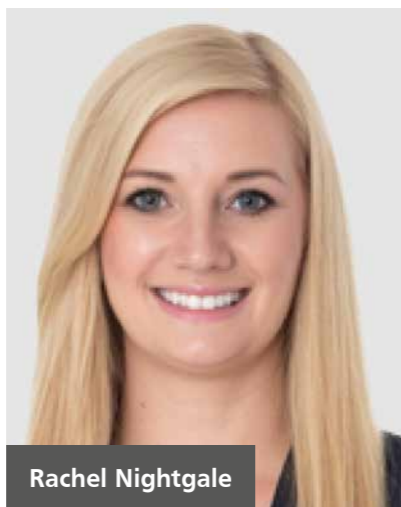
The priority must be re-engineering the core trading pipeline for determinism and continuous operation. Leaders should conduct an architectural audit to identify non-deterministic hotspots and silos that cannot handle 24/7 processing. The next step is a strategic investment in event-driven, open-source-backed foundations. This shift is less about technology migration per se and more about a strategic change in ownership and architecture, enabling firms to rapidly build unique business value on a foundation that is proven, resilient, and compliant with the operational rigours of the digital currency future.

Digital assets in 2026: From early days to regulated scale

By Chris Brett Young and Rachel Nightgale, Partners at Walkers



Chris Brett Young



Rachel Nightgale

The digital asset sector is moving decisively from speculative cycles to regulated, institutional adoption. The focus for 2026 is expected to

be infrastructure: market venues capable of listing and settling tokenised instruments, credible stablecoin regimes that can support

payments and settlement, and custody arrangements that strive to protect client assets in insolvency. We have broken down some of the main themes that have emerged in the digital assets space as trends to watch in the coming months and years.

TOKENISATION MOVES BEYOND PROOF OF CONCEPT

Tokenisation continues to dominate conversations across jurisdictions. From tokenised funds and debt instruments to real-world asset (RWA) tokenisation, the market is growing - but clients still face questions around scale and liquidity. We are watching how tokenised products transition from proof-of-concept to broader adoption.

Central to this is the development of regulated exchanges and infrastructure capable of listing tokenised securities, yield coins and stablecoins. As institutional interest grows, clients want clarity on how tokenised products will achieve reach and distribution across global markets. Jurisdictions like the Cayman Islands and the BVI are strengthening their regulatory frameworks to support tokenised securities. While Bermuda is currently engaged in a formal consultation with industry regarding proposed regulatory enhancements for asset tokenization, in order to



Stablecoins are climbing the regulatory agenda worldwide



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Decentralised finance (DeFi) remains a regulatory frontier

streamline tokenised issuances, including blockchain-based share registers.

Across the board, the promise behind tokenisation is clear, but the challenge remains translating technical innovation into tangible investor access and liquidity.

STABLECOIN REGULATION GATHERS MOMENTUM

Stablecoins are climbing the regulatory agenda worldwide, with some jurisdictions already operating dedicated regimes and others moving quickly to establish clear oversight. Our lawyers are closely monitoring if and how leading investment hubs may implement or refine stablecoin-specific regimes to ensure transparency, prudent reserve management and investor confidence.

As more institutional players enter the market, tougher regulatory standards for stablecoin issuers will be critical for credibility and compliance. We are constantly advising clients on how evolving frameworks impact issuance, reserve structuring and compliance obligations, so new projects align with both domestic and international expectations.

DEFI REGULATION: FINDING BALANCE

Decentralised finance (DeFi) remains a

regulatory frontier. We're tracking how regulators globally are approaching DeFi oversight, exploring models that balance innovation with accountability.

In some jurisdictions, regulators are considering light-touch approaches focused on reporting obligations rather than full licensing. Others are weighing how decentralised activities - such as decentralised exchanges or DAOs - fit within existing financial services laws. Clients are increasingly asking how DeFi platforms can remain compliant without compromising decentralisation. We are looking at the risks, opportunities and emerging guidance, helping clients find paths forward in a space where rules are still being written.

CUSTODY AND ASSET PROTECTION UNDER SCRUTINY

Custody continues to be a key area of focus for institutional players. Clients want assurance around how assets are held, how custody structures achieve bankruptcy remoteness and how investor assets remain protected under insolvency scenarios. Jurisdictions like Bermuda are leveraging tailored legal structures, such as segregated accounts and incorporated segregated accounts, to meet these needs.

Meanwhile, the Cayman Islands and BVI are strengthening their

frameworks to support custodial arrangements that align with international best practices. We are advising clients across the lifecycle, from selecting the right custody models to ensuring governance, contractual protections and regulatory compliance are in place.

REGULATORY CONVERGENCE ON THE HORIZON?

Fragmentation remains a reality in the digital asset sector, with clients often handling a patchwork of regulatory regimes. However, we remain at the centre of growing discussions around cross-border collaboration and potential "passporting" of licenses between jurisdictions.

Clients are eager to see more global alignment that would reduce friction for cross-border operations. While regulatory harmonisation remains an ambition rather than a reality, the direction of travel is clear: jurisdictions are under pressure to coordinate efforts or risk losing market share to more agile competitors.









More insights about digital assets from Walkers can be found at: <https://www.walkersglobal.com/en/Insights/2025/05/Digital-Assets-in-the-post-boom-world-at-Consensus-2025>



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